



STATE OF MISSOURI

# REAL ESTATE COMMISSION NEWS BULLETIN

July 2018

## In This Issue

- *New Commissioners Appointed*
- *Name Change*
- *Things to Ponder*
- *Fingerprint Vendor Changing*
- *Number of Licensees Increase*
- *Name Changes*
- *Disciplinary Actions*
- *Licensee Report July 1, 2018*
- *Walk-Ins Welcome*
- *HB-600 Suspension (update)*
- *CE for Salespersons*
- *Featured Article – Records*
- *Salesperson License Renewals*
- *License Application Review*
- *Transfer Requests*
- *CE Courses & Schools*
- *Defining “Sold”*
- *CE Waiver Requests*
- *Meetings & Workshops*

## NEW COMMISSIONERS APPOINTED

The Commission consists of seven members who are U.S. citizens and residents of Missouri for at least one year prior to their appointment. Except for the one voting public member, each Commissioner must have at least ten years' experience as a real estate broker prior to appointment.

Section 339.120 RSMo., states in part “...The commission may do all things necessary and convenient for carrying into effect the provisions of 339.010 to 339.180 and sections 339.710 to 339.860 [real estate law] and may promulgate necessary rules compatible with the provisions of 339.010 to 339.180 and sections 339.710 to 339.860.”

Governor Michael L. Parson appointed two new Commissioners effective July 23, 2018.

Sherry Lynn “Lynn” Farrell of Osage Beach is the Designated Broker with John Farrell Real Estate Co. She has been a licensed real estate professional since August 1988 and a licensed broker since October 1988.

Cynthia D. “Cindy” Fox of St. Charles is a broker/owner of Best Seller Real Estate, LLC, dba Real Living Now. She has been a licensed real estate professional since 1994 and a licensed broker for 18 years.

## NAME CHANGES

Effective June 6, 2018, and pursuant to a Commission directive, any licensee requesting a name change in MREC records must present a copy of one of the following documents before MREC can make the name change. This change puts MREC more in compliance with requirements of other Commissions and Boards.

Legal Documentation that would be acceptable:

- |                                 |                                |
|---------------------------------|--------------------------------|
| 1) Marriage License             | 4) Divorce Decree              |
| 2) Adoption Papers              | 5) Copy of Driver's License    |
| 3) Copy of Social Security Card | 6) Name Change Court Documents |

## THINGS TO PONDER

- 1) No real estate "Licensee" shall pay any part of a fee, commission or other compensation to any person for any service rendered unless such person is a licensed real estate salesperson or broker.
  - a) True
  - b) False
- 2) Who can have an economic interest in, receive remuneration from, or teach or solicit customers for any real estate school or course?
  - a) Any commission member.
  - b) Employee of commission member's firm.
  - c) Member of commission member's entity.
  - d) Commissioner's relative within 4<sup>th</sup> degree.
  - e) MREC staff employee.
- 3) MREC can file a complaint to discipline a licensee's license for conduct that constitutes untrustworthy, improper or fraudulent business dealings, demonstrates "bad faith" or incompetence, misconduct, or gross negligence.
  - a) True
  - b) False
- 4) \_\_\_\_\_ is best defined as related to the property not reasonably ascertainable or known to a party which negatively affects the value of the property.
  - a) Property Disclosure Form
  - b) Confidential Information
  - c) Adverse Material Fact
  - d) Ministerial Acts
  - e) None of the above (a thru d) are correct
- 5) Which of the following is a requirement of an applicant for a Missouri Real Estate license?
  - a) Person of good moral character.
  - b) At least 18 years of age.
  - c) Good reputation for honesty, integrity, and fair dealing.
  - d) Competent to transact business to safeguard the interest of the public.
  - e) All of the above (a thru d) are required.

*(Answers found on last page)*

## FINGERPRINT VENDOR CHANGING

As most of you are aware, applicants for original salesperson or broker licenses are required to be fingerprinted via a Missouri State Highway Patrol vendor before the license can be issued. The fingerprints are submitted to the Federal Bureau of Investigation (FBI) and the Missouri State Highway Patrol (MSHP) for a criminal background check.

The MSHP has announced that the State of Missouri recently awarded the Applicant Fingerprint Services contract to IDEMIA. IDEMIA will begin fingerprint services for Missouri on Monday, August 6, 2018.

For further information concerning the criminal record check, please feel free to visit the MSHP Criminal Justice Information Services (CJIS) Division website at <https://www.mshp.dps.missouri.gov/MSHPWeb/PatrolDivisions/CRID/crimRecChk.html>.

At their website, you can link to the Missouri Automated Criminal History Site, State Background Checks & Associated Fees, FBI Fee, Missouri State Highway Patrol Public Window Access, and Fingerprint Submission for Applicants Residing Outside Missouri.

Additionally, there are links for New Vendor Announcement and Implementation Timeline from MSHP CJIS, and Customer Announcement Letter from IDEMIA.

For more information on IDEMIA, FAQs, and to download forms and links, please visit their website at: <https://www.identogo.com/locations/missouri>.

## NUMBER OF REAL ESTATE LICENSEES INCREASE

In January 2007, there were 56,121 licensees in Missouri (18,167 broker type licensees, 33,917 salesperson type licensees, and 4,037 entity type licenses). After 2007, the number of licensees gradually decreased to a low in 2013 of 37,109 licensees (13,097 broker type licensees, 20,278 salesperson type licensees, and 3,733 entity type licenses). The last time MREC experienced that low of a number was in December 1999 when there were 36,727 total licensees.

Since the January 2013 total, the number of Missouri real estate licensees has shown an increase. In January 2018, there were 43,170 Missouri real estate licensees (12,630 broker type licensees, 26,485 salesperson type licensees, and 4,055 entity type licenses).

In 2018, there has been about a 2.68% increase in the total number of Missouri real estate licensees since January 1.

## ADDRESS CHANGES

All licensees **must** ensure that the Commission has the correct mailing address, telephone number, and name on record. Licensees must notify the Commission in writing within 10 days following a change in home address or name as required by 20 CSR 2250-4.020 (4).

Most licensees prefer to correspond via e-mail. Make sure we have your current e-mail on file at MREC. Renewal application reminders and other correspondence from the MREC are mailed to the address on file in the MREC database. Therefore, if you want to stay informed, keep your mailing address, telephone number, and e-mail address updated with MREC. Visit our website <https://pr.mo.gov/realestate.asp>.

## DISCIPLINARY ACTIONS

If you are interested in viewing disciplinary actions taken by the Commission, you will find the information online at: <https://pr.mo.gov/realestate-disciplines.asp>

## LICENSEE REPORT- JULY 2018 44,325 TOTAL

Broker Licenses:	12,421
Salesperson Licenses:	28,001
Entity Licenses:	3,903

## WALK-INS ARE WELCOME AT THE MREC OFFICE

During 2017, the Missouri Real Estate Commission (MREC) kept tabs on the number of walk-in patrons that MREC serviced. MREC **averaged seven walk-ins each day** that the MREC office was open for business in calendar year 2017.

*Patrons appear in person as a walk-in for a variety of reasons. These include:*

1. *New licensees wanting to get a temporary work permits to get started immediately.*
2. *Licensees transferring their licenses to another brokerage.*
3. *Brokers opening a new brokerage and/or closing a brokerage.*
4. *Salespersons applications to receive a Broker's license.*
5. *Licensees with questions about current audits.*
6. *Individuals wanting to file a complaint against a licensee.*

The MREC office is open Monday through Friday, except state holidays, from 8:00 a.m. until 5:00 p.m.; however, the last walk-in is taken at 4:30 p.m., to ensure we can get the paperwork processed before the end of the business day. Call our office before you travel to Jefferson City to ensure that you have all the requirements to process your paperwork without problems. We can be reached at (573) 751-2628, ext. 2.

## HB 600 SUSPENSION PROCESS (UPDATED)

Under the requirements of Section 324.010 RSMo., the Missouri Real Estate Commission receives notification from the Missouri Department of Revenue when licensees have unresolved tax compliance issues. MREC sends initial notification letters to the licensees informing them of the tax issue. They are provided with an approximate date for license suspension. The letter is mailed approximately 12 weeks prior to the MO Department of Revenue effective suspension date, and is sent to the affected licensee and the affiliated broker.

If the licensee does not get the tax issue resolved by the deadline, a suspension letter will be drafted and sent to the licensee. A copy of the suspension letter is sent to the affiliated designated broker. Upon receipt, the designated broker is then required to return the licensee's original license to the MREC office within 10 days.

If an Individual Broker is suspended, they are required to close the sole proprietorship. If the Designated Broker for a company is suspended, they are required to either close the company or immediately change designated brokers.

**If a licensee's real estate Salesperson license is suspended due to HB600, he/she must cease conducting real estate business immediately. If a broker's license is suspended due to HB600, he/she (and any licensees affiliated with the company) must cease conducting real estate business immediately. He/She may not resume real estate activities until the license is reinstated with the MREC.**

## CONTINUING EDUCATION

Every individual who holds an Active Real Estate license must complete, during the two (2)-year license period prior to renewal, a minimum of twelve (12) hours of Missouri Real Estate Commission approved Continuing Education (CE). At least three (3) of the twelve (12) hours must be Core hours. The remaining required hours shall consist of Missouri Real Estate Commission approved core or elective courses.

Continuing education hours taken by Salespersons between October 1, 2016, and September 30, 2018, will be applicable to the 2018-2020 renewal.

If ALL Continuing Education hours were completed by salesperson licensees by June 30, 2018, then the licensee should have received a postcard renewal notice. If the CE was not completed prior to the printing of the renewal notices (July 1, 2018), that information will be indicated in Section 1 of the paper renewal application.

Note that schools have 10 days to upload the course completion information into the MREC database. Once uploaded, if all 12 hours are on file, the licensee may complete the renewal online. If CE course(s) are completed within 10 days of your expiration date, there is no guarantee that your courses will be uploaded to your record in time for the online renewal option; therefore, you will have to mail in a paper renewal. The emphasis is to get your required CE done early so you can renew online and not get caught in the last minute backlog of renewals.

**Individual Request for Continuing Education Credit (ICE)** deadlines to submit applications for non-preapproved course credit were:

Broker type licensees– March 30, 2018  
Salesperson type licensees – June 30, 2018

## *Record Retention*

### *What must be kept and for how long?*

By Burgandy Nelson, Examiner

Retaining complete and accurate files of all real estate activities is a requirement for all brokers and brokerages. However, no one wants boxes of useless paperwork cluttering their office space. What documentation must be kept and how long must it be retained to stay compliant with Missouri Real Estate Commission regulations?

*According to 20 CSR 2250-8.160 (1) Every broker shall retain for a period of at least three years true copies of all business books; accounts, including voided checks, records; contracts; brokerage relationship agreements; closing statements and correspondence relating to each real estate transaction that the broker has handled. 20 CSR 2250-8.160 (2) also states..... Retain for a period of three years true copies of all property management agreements, correspondence or other written authorization relating to each real estate transaction relating to leases, rentals or management activities.....*

So, what does that mean?

For a minimum of three years, the broker must retain the following real estate records:

- General office records – All real estate brokers/brokerages must retain these records:
  - o Brokerage office policy
  - o Correspondence relating to real estate transactions – faxes, emails, letters, etc.
  - o Copy of commission and referral checks/check stubs issued from the broker/brokerage
  - o Broker Disclosure Form used
- Relating to Sales activities
  - o Contracts – including all addenda, amendments, counters, legal descriptions, etc.
  - o Brokerage relationship agreements - listing agreements and buyer/tenant agency agreements – including all amendments
  - o Closing statements for both sides of the transaction
  - o Mutual releases on down transactions
  - o Receipts for earnest money and/or a copy of the earnest money check(s)
- Relating to Property Management activities
  - o Property management agreements
  - o Disclosures to tenants

- Vendor invoices/receipts for bills paid for properties managed
- Owner/financial statements for properties managed
- Copies of receipts for cash received by the brokerage
- Relating to Escrow accounts
  - Account Records
    - Bank statements
    - Cancelled or imaged checks and deposits
    - Deposit receipts
    - Voided checks
  - Business Books
    - Bank reconciliations
    - Liability records
    - Check register and deposit records
    - Cash receipts and deposits ledgers
    - Check stubs
  - Any other necessary documents so that the adequacy of the escrow account may be determined at any time (339.105.3 RSMo.).

Records must be retained for at least three years from the date of transaction **completion**. For a sales transaction, this typically means from the date of closing or mutual release date. On a disputed transaction, this means three years from the last anticipated closing date; or, if the broker holds the earnest money, 3 years after the funds are disbursed to the State Treasurer's office or to the contract party, per court order. For property managers, this means the date of termination of the lease or management agreement, which could greatly extend the records retention period.

Records may be kept in paper or electronic format, however all records must be made available for inspection by the Commission at all times during regular business hours at the broker's regular place of business. Missouri, unlike other states, does not have any specific file organization or transaction numbering requirements. Please remember that brokers cannot charge a fee for retaining records.

**HINT:** If MREC staff should request a transaction file from you, in addition to the contract, addenda, amendments, earnest money receipt and closings statements, be sure to include all corresponding brokerage service agreements (listing, buyer agency, etc.), as well as copies of checks or check stubs for any referral fees or commissions paid by the brokerage.

Agents and property managers are required to give, immediately, all money and transaction documents to the supervising broker. Agents may maintain copies for their own files.

Property management records may be released to the owner(s) or transferred to another broker. The transferring broker must obtain a written detailed receipt or transmittal letter signed by all parties to the transaction (original broker, owner (s), and [if applicable] the broker

receiving the records). The receipt or transmittal letter should detail all records that were released and to whom.

Confidentiality requirements do not end at the completion of the transaction. This is especially important to note in offices where designated agency is practiced. Designated agency requires that the broker and agents designated to represent their client are the only agents that have access to the transaction file. To avoid breeches of confidentiality, always ensure that the proper protections are maintained to ensure confidentiality in designated agency transactions.

If a brokerage closes or has its' license revoked, records must still be stored for a minimum of three years. If a broker or brokerage's license is suspended, records must be stored for the duration of the suspension.

Remember these are the MREC's requirements for retaining records. Other agencies (IRS, DOR, etc.) may have different expectations for the length of time to retain financial or other records.

**HINT:** Checklists are a great way to ensure that files are complete and not missing any necessary item(s).

**RULE:** 20 CSR 2250-8.160 (1) *"...Every broker shall retain for a period of at least three years true copies of all business books; accounts, including voided checks, records; contracts; brokerage relationship agreements; closing statements and correspondence relating to each real estate transaction that the broker has handled..."*

**RULE:** 20 CSR 2250-8.160 (2) *"...also states..... Retain for a period of three years true copies of all property management agreements, correspondence or other written authorization relating to each real estate transaction relating to leases, rentals or management activities..."*

## **2018-2020 "SALESPERSON" TYPE LICENSE RENEWALS**

All Salesperson type renewals were mailed on Tuesday, July 17, 2018, to the licensee's home address on file with the MREC as of July 1, 2018. Salesperson type licenses expire September 30, 2018.

Please remember that the Designated Broker for the company is responsible to renew both their personal license and the company's license. Should either not be renewed, the licenses of the company's affiliates will not be printed until both the designated broker and the company licenses have been renewed.

Salespersons are encouraged to renew online, as that is the quickest way to renew your license. ALL Inactive licenses can be renewed online as soon as the renewals are received by the Salesperson licensee, as there is NO CE required for these license types.

Once a licensee's CE is uploaded by the school into MREC's database, the website will update overnight. When the CE shows up online, the licensee should be able to complete the renewal process online.

Keep in mind that schools have 10 days to upload classroom rosters into the MREC education database. Therefore, if a licensee waits within the last two weeks to take CE courses, the school may not get that information into the MREC system before the Salesperson's license expires on September 30, 2018.

## **LICENSE APPLICATION MUST BE REVIEWED**

In recent months, there have been several new designated brokers taking over operations of company brokerages. With change, new tasks and functions must be learned.

Designated brokers should keep in mind that part of their responsibilities is to thoroughly review an application for licensure or transfer before signing the application or transfer and mailing it to the MREC.

In recent weeks, MREC has rejected a high number of applications and transfer requests back to the licensee applicant because the application is not complete, but had been signed by the designated broker. The designated broker should not sign a blank form and then have the applicant complete the form. The form should be completely filled out, then reviewed by the designated broker, and then mailed to MREC. Your due diligence in this matter is greatly appreciated.

## **TRANSFER REQUESTS MUST BE ACCOMPANIED WITH ORIGINAL LICENSE**

All license transfers require submission of the original license to the MREC office with the completed transfer form. A copy of original license is not an acceptable alternative to accompany the transfer application. A Broker may submit the license with cancellation paperwork to MREC, or the Broker can give the licensee the license to submit with the application.

If the license has been lost/misplaced, a signed/dated statement (explaining the details) may be submitted by the Designated Broker in lieu of the original license.

## CONTINUING EDUCATION COURSES & SCHOOLS

How many continuing education courses would you guess are approved for Missouri licensed real estate professionals? If you said 897, you would be correct. Ninety-two of those schools must renew in 2019 and the other 48 schools must renew in 2021. There are 140 accredited schools that can teach real estate courses.

You can check out the listing of approved CE course offerings by visiting the MREC Education portion of our website at: <https://pr.mo.gov/realestate-ceu-courses.asp>. Current CE courses must be renewed by September 30, 2018, or the course approval will expire.

## DEFINING "SOLD"

Recently, MREC has received numerous inquiries concerning when a "SOLD" rider can be placed on the for sale sign. Over the years, the Missouri legislature has amended Section 339.010 RSMo., which includes the definition of SOLD. The definition now reads: "Sold", as used in sections [339.010](#) to [339.180](#) and sections [339.710](#) to [339.860](#)\*, shall mean that the title to the real estate has been transferred or that the real estate has become subject to a bona fide sale contract or purchase agreement.

## CONTINUING EDUCATION WAIVER REQUESTS

Missouri regulations authorize MREC to grant CE waivers to certain licensees, such as those who reach age 80. Listed below is the number of waivers granted so far for licensees during the 2018-2020 renewal period:

2	Active Duty Military waivers
92	Age waivers
49	Attorney waivers
11	Board Member waivers (6 current; 5 grandfathered)
<u>13</u>	Legislative waivers (2 Senators; 11 Representatives)
9	Medical waivers
176	Total (so far for 2018 – there could be more for salespersons)

## UPCOMING MEETINGS AND WORKSHOPS

### COMMISSION MEETINGS FOR REMAINDER OF 2018

August 1, 2018

October 10, 2018

December 5, 2018

(Contact MREC for further information @ 573-751-2628)

### INSTRUCTOR DEVELOPMENT WORKSHOP (IDW)

August 24, 2018 (Kansas City) hosted by Kansas City Regional Association of REALTORS® (Contact Alison Trevor KCRAR @ 913-266-5904)

### EDUCATORS' WORKSHOP – 2018

October 22, 2018 (Jefferson City)

(Contact MREC Education Specialist Ms. Terry Murphy for further information @ 573-751-2628, extension # 6)

## GOVERNOR

The Honorable Michael L. Parson

## DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

Chlora Lindley-Myers, Director

## DIVISION OF PROFESSIONAL REGISTRATION

Kathleen (Katie) Steele Danner,  
Division Director

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Jefferson City, Missouri

Stephen M. (Steve) Kenny  
Vice Chairperson  
Neosho, Missouri

Sherry Lynn (Lynn) Farrell, Member  
Osage Beach, Missouri

Cynthia D. (Cindy) Fox, Member  
St. Charles, Missouri

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St. Louis, Missouri

Vacant Member

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Phone: (573) 751-2628

Option: 1) General Information  
2) Licensing  
3) Consumer Group  
4) Complaints & Investigations  
5) Audits  
6) School & Courses

Fax: (573) 751-2777

Email: [Realestate@pr.mo.gov](mailto:Realestate@pr.mo.gov)

Website: <https://pr.mo.gov/realestate.asp>

The Missouri Real Estate Commission office is open Monday-Friday, 8 a.m.-5 p.m., except State Holidays. Walk-ins are asked to arrive no later than 4:30 p.m. At this time, MREC is not set up to take payment by credit/debit card at the office.

## *Things to Ponder Answers*

1. **A True** – §339.150 (2) RSMo.
2. **E MREC Staff Employee** – §339.045 (4) RSMo.
3. **A True** – §339.100 (2) (19) RSMo.
4. **C Adverse Material Fact** – §339.710 (1) RSMo.
5. **E All the above are required** – §339.040 (1) & (3) RSMo.

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